

THIRST!

Celebrating PBG People's Unquenchable Spirit

PBG's Journey of Operational Excellence Edition 04.09



The Future is Now: New Tampa Warehouse Defines *Operational Excellence* at PBG

"Any sufficiently advanced technology is indistinguishable from *magic*," observed the science fiction writer Arthur Clarke. In February, PBG's wizards once again cast their spell when they launched the company's first fully-automated warehouse



**UNQUENCHABLE SPIRIT
STORY OF THE MONTH**

storage facility in Tampa, Florida. This scientific feat – known as our Automated Storage/Retrieval System (AS/RS) – is synonymous with Operational Excellence and promises to revolutionize the way PBG does business.

Featuring a range of state-of-the-art technologies, Tampa's automated warehouse receives, registers and fulfills full pallet product orders by priority and expiration date. Its speed and size make it possible for Tampa to move 120 pallets in – and another 120 out – of the warehouse each hour. Two months in, the facility is storing an average of 8,500 pallets and 630,000 cases at

any one time. At full capacity, these numbers could jump to 12,000 pallets or 1,000,000 cases, depending on product mix.

Staffed by four full-time mechanics (one per shift), AS/RS is operational 24/7. Outside of normal

operations, it utilizes a self-optimizing warehousing function that constantly reorganizes product by date and type; and at any time, it can generate inventory amounts and dates for *all* SKU's in the warehouse.

Tampa Warehouse PAMs Raymond Arce, Tim Vendette and John O'Dell

have already seen dramatic improvements, including:

- Reducing product breakage previously caused by equipment traffic
- Reducing costs for labor, product damage and energy – it's typically 10 percent cooler in an AS/RS environment

• Increasing accuracy and customer service

• Increasing productivity, due to reduced travel time; eliminating tasks like rotating product and tracking down >>>

"I firmly believe AS/RS will be the cornerstone of PBG's warehousing structure in the future"

-Ray

PBG Headline News

Jeff Dahncke, Director, Public Relations

PepsiCo Proposes Acquisition of PBG

On April 19, PepsiCo announced its intention to acquire all of the outstanding shares of PBG's common stock that it doesn't already own for \$29.50 per share. PBG's Board of Directors is currently evaluating the proposal and will respond in due course. In a note to employees, PBG Chairman and CEO Eric Foss asked all employees to "stay focused on doing what we do best – serving the customer and operating our business as effectively and efficiently as possible" during the evaluation period and in support of the important upcoming summer selling season.

PBG Off to Strong Start to 2009

The hard work and dedication of the men and women of PBG enabled the company to deliver a strong set of first quarter results despite the challenging macroeconomic environment. We beat our profit and earnings objectives for the quarter, and increased our full-year earnings guidance. These results show that we have both the right strategy in place to achieve profitable growth and the right people in place to execute that strategy. You can read more about our Q1 results here: [Click Here](#)

Capitalizing on Geographic Growth Opportunities

PBG announced that it has signed a Letter of Intent to acquire Better Beverages, a Pepsi-Cola and Dr. Pepper franchised bottler in Texas. Better Beverages has been a strong bottler for more than eight decades and adding it to the PBG family will enable even greater success for the Pepsi enterprise in Texas. More information about the transaction is available at: [Click Here](#)

PBG Places 6th on EPA's List of Green Power Buyers

The U.S. Environmental Protection Agency ranked PBG one of the nation's largest purchasers of green power. PBG purchased Renewable EnergyCertificates in 2008 that represent 100 percent of the company's electricity needs, placing us sixth on the EPA's Top 50 Green power list. The certificates are used to fund the development of green power sources. You can read more about the EPA's Green Power Partnership program at: [Click Here](#)

Is there a PBG story you think the media should be covering? Call or email Jeff Dahncke at 914-767-7690 or jeff.dahncke@pepsi.com.

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storage locations; and the efficiency of asking AS/RS to pull orders and place them on an out-feed conveyor.

•*Maximizing space:* AS/RS can now store pallets up to 13 levels high and 10 pallets deep.

So far, AS/RS can only handle full pallet orders, but in the future, PBG hopes to

“*I am very proud of the Tampa team’s energy and enthusiasm in leading the way*” -Ray

extend its capabilities to picked pallets. “I firmly believe AS/RS will be the cornerstone of PBG’s warehousing structure in the future,” says Ray, “and I am very proud of the Tampa team’s energy and enthusiasm in leading the way.”

Behind every operational improvement at

PBG is a team with *Unquenchable Spirit* for applying their energy and ingenuity to make PBG more competitive. In this case, it took an army of wizards to bring AS/RS to life – from Somers to Tampa, Ops to IT and Engineering.

Let’s show them our thanks!

At HQ:

Mike Edmondson – Supply Chain Mgr
Scott Goran – Supply Chain Mgr
Brent Rudin – IT
Jon Schultz – Supply Chain Mgr
Tom Smith – Engineering Mgr
Kathleen Whelen – IT

In Tampa:

Tim Bernard, AS/RS Mechanic
Mike Montano, AS/RS Mechanic
Ron Reagon, AS/RS Mechanic
Rick Skinner, AS/RS Mechanic
Dave Sybol, Plant Manager



For a video of AS/RS in motion, [click here](#)

» Editor’s Introduction

The legendary basketball coach Pat Riley defined “Excellence” as “the gradual result of always striving to do better.” This Unquenchable Spirit for incremental – and ever greater – efficiency defines PBG’s Journey of Operational Excellence. It is fueled by persistent ingenuity, translating the vision of our strategists through the simulated models of our engineers; the technological know-how of our manufacturing, warehouse, fleet and IT specialists; and, ultimately, the grit and determination of our frontline teams. The connecting force between these players is their *commitment* to search out, test and implement new processes that sharpen PBG’s competitive edge – and the *pride* that comes with delivering value to our key stakeholders.

This month, *Thirst!* celebrates the “excellent operators” leading us on this global journey. From launching the company’s first automated warehouse in Tampa, FL to leading our supply chain, hybrid fleet and self-manufacturing initiatives, these employees rely on constant collaboration across locations and functions to deliver their plans. Not only does their work burnish PBG’s reputation as one of the world’s leading operating companies; it also is advancing our sustainability goals by serving up twin improvements for our business and the environment.

Be sure to check out our First Focus updates, PBG Scores and a pair of marketing promotions linking Pepsi’s prize brands to the hit TV shows “24” and “Dancing with the Stars.” Also included are special “Day in the Life” columns honoring this month’s Administrative Professional Day, and our “Recognition Insert” celebrating this year’s Chairman’s Circle of Excellence, Best of PBG and PepsiCo’s Ring of Honor winners.

Next month’s *Thirst!* will advance “Customer Appreciation,” with a special focus on how PBG is driving our service message with key accounts across our geographies. For now, let us praise the men and women of PBG who, in striving to do better each day, prove that Excellence is a journey without end – and constantly new beginnings.

Until next time, satisfy your *Thirst!*

Kevin

kevin.burke@pepsi.com



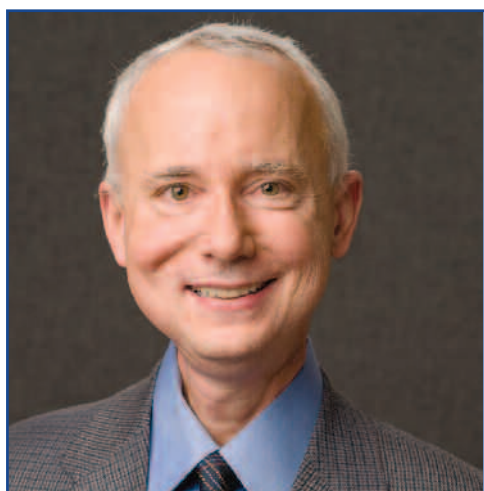
Conversations with our Leaders

At a Headquarters Town Hall meeting in April, Victor Crawford, Senior Vice President of Global Operations and System Transformation, declared that – to win now and in the future – PBG must “double-down our bets on Operational Excellence.” This means leveraging technology to drive productivity and greater efficiencies, increasing our return on capital investments across PBG geographies, and eliminating waste to reduce our environmental footprint. *Victor’s Operations team is already hard at work advancing these objectives – with Paul Hamilton’s Worldwide Supply Chain team, including Tim Thornton, VP, Supply Chain, Transportation & Logistics, playing central roles in our strategy development and field execution.*

After joining PBG in 1986 as a Maintenance Manager in Mesquite, Texas, Paul took on various Headquarters assignments before serving as Plant Manager in Tulsa, Oklahoma and Operations Director in Southern California. Paul joined the Supply Chain Team at HQ in 2001. The company’s foremost expert in supply chain management, Paul is currently leading PBG’s global supply chain strategies, including integrated planning, selling applications, logistics and the company’s overall approach to technology in our facilities.

A member of Paul’s senior leadership team, Tim Thornton joined PBG in 2001 as Director of Routing & Logistics in Somers. A high impact player from day one, Tim has led PBG’s Routing team, Centralized Transport as well as the development and deployment of systems and strategies that have dramatically improved our productivity and service offerings, including: ILA, Voice Pick, Express Checkout and ASN. Today, Tim is partnering with PBG’s North American Warehouse Team to drive system-wide network optimization.

Thirst! sat down with both leaders to track the company’s progress against our ongoing Journey of Operating Excellence.



Paul Hamilton
Vice President, Global Supply Chain, Logistics & Strategy
Somers, New York
22 years

Q **TIM** – You and the Supply Chain Logistics team have begun reconfiguring PBG’s network of 42 plants and 230 satellite warehouses in North America this year. Can you tell our readers more about this endeavor, including their potential impact on inventory and productivity?

Our Network Optimization initiative is a holistic Supply Chain approach to solving PBG’s business challenges while also creating new opportunities and cost/service advantages.

As you saw with AS/RS in Tampa, we are leveraging technology, data and processes in innovative ways to elevate all aspects of the Supply Chain – from Selling to Manufacturing, Transport, Warehousing, Delivery and Merchandising.

In Warehousing, we’re looking beyond traditional brick & mortar solutions to deal with space constraints and productivity challenges – for example, by improving picking accuracy with Automated Layer & Case Pick systems. Strengthening our forecasting and capacity planning tools – along with Inventory Pooling at Centralized Distribution Centers – will also enable us to reduce overall inventory levels and carrying costs while improving our Out of Stock service picture.

Q **TIM** – In February, you and the Supply Chain Logistics Team launched PBG’s first AS/RS Warehouse in Tampa, FL. How is it different from our other facilities and what are the implications for PBG on a larger scale?

Tampa’s AS/RS is a 100 ft. high automated warehouse storage solution that enables PBG to hold over 12,000 pallets (or 1,000,000 cases) in less than a 30,000 square foot footprint. A traditional PBG warehouse design would require almost 130,000 square feet to hold the same number of pallets. This dense storage solution – using two pallet cranes and an automated pallet control system – improves transport & warehouse productivity and accuracy, enforces Quality and Product Rotation rules, and reduces Out of Stocks, Breakage and Out of Date Product.

Q **PAUL** – What are some of the other “big bets” PBG is making globally to advance our Journey of Operating Excellence? What has you the most excited?

I’m excited to collaborate more closely with our country geographies to bring the same level of Supply Chain expertise to their businesses. Although each country has a different product mix, customer >>>



Tim Thornton
Vice President, Supply Chain, Transportation & Logistics
Somers, New York
8 years

expectations and go-to-market systems, it's clear they all want to reduce Out of Stocks, carry less inventory, be more productive and reduce their infrastructure footprint. Over the last few years, we have developed the expertise to help. It's a very exciting time!

Q PAUL & TIM – How is PBG incorporating more environmentally sustainable practices into our Supply Chain work?

Paul – Sustainability plays a big part in our decision making process. From reducing tons of paper through the elimination of invoices to the reduction of truck idle times through faster check-ins and check-outs, we continue to balance the needs of our customers and employees with the expectations of being a good corporate citizen.

Tim – In addition to the smaller warehouse land usage footprint, AS/RS is a "lights out" operation that requires minimal heating, cooling and lighting. Transport is another primary focus area when it comes to the environment. The cleanest mile is the mile we don't have to drive so there will continue to be a big effort to improve our product sourcing network. In addition, light-weighting our transport tractors and trailers improves our payloads, increases our MPG, and reduces our fuel consumption and emissions. We are also partnering with the PBG Fleet Group and several vehicle vendors on alternative fuel solutions to drive additional sustainability wins for PBG and the environment.

Q PAUL – To achieve your objectives, what obstacles will we have to overcome?

Paul – Staying focused on what's important and recognizing the impact of change, to name two. There are a lot of good ideas out there, but we have to stay focused on the critical few that will drive the most benefit. At the same time, because much of our work impacts people and processes in fairly significant ways, we need to get better at planning for change and taking the organization along with us. ■



As part of this year's Earth Week activities in Somers, Victor Crawford and Paul Hamilton were presented keys to the Transport team's new hydrogen-powered truck. PBG's investment in our fleet will improve our fuel efficiency by 15 percent and reduce emissions far exceeding today's standards.



Tim and the hydrogen truck team, from left to right: Keith Klingenberg, CEO, Hydrogen Leasing Inc.; Tilde Zimmerman, Senior Transport Manager, PBG; Tim; and Alan Bishop, President, Hydrogen Leasing Inc.

"Lightening Round"

1. What is your favorite Pepsi product?

Paul: *Pepsi One 20oz*

Tim: *Pepsi One 20oz*

2. What is your favorite book?

Paul: *A Brief History of Time*

Tim: *Any action thriller by Tom Clancy or Vince Flynn*

3. Favorite movie?

Paul: *Apollo 13*

Tim: *Young Frankenstein*

4. Favorite sound?

Paul: *Quiet, I love the outdoors.*

Tim: *My wife's laugh*

5. Least favorite sound?

Paul: *Honking horns*

Tim: *Babies crying*

6. What job other than yours would you like to attempt?

Paul: *Commodities trader*

Tim: *Fighter pilot*

7. Favorite place you've visited?

Paul: *Yosemite National Park*

Tim: *Sydney, Australia*

8. Place you'd most like to see that you haven't seen yet?

Paul: *Africa*

Tim: *New Zealand*

9. What's the first thing that pops into your head when you hear the phrase *Unquenchable Spirit*?

Paul: *Focus and determination*

Tim: *Determined people working together*

10. If you could have dinner with any person other than family – living or dead – who would it be?

Paul: *Irena Sendler*

Tim: *Martin Luther King, Pope John Paul II*

Our Journey of Operational Excellence

PBG Adopts Hybrid Approach to Fleet Technologies

In the past two years, PBG has gained valuable experience testing various alternative fueled vehicles.

Hybrid Diesel:

In April 2007, we purchased our first Hybrid Diesel vehicle for delivering vendors and coolers in Fresno, CA. Since then, we've added 43 more Hybrids to our U.S. Fleet. Hampton, MD alone will have 16 Hybrid trucks for its route delivery applications. Sales Driver **Bob Tillman** has been driving one of these new trucks in the Washington D.C. area for about two months – with an average of 12-15 stops a day. “I love the truck,” says Bob; “it rides smooth and it is very quiet.” As a result of these tests, PBG is witnessing a 20-30 percent improvement in miles per gallon (MPG) over our older diesel engine technology; and engine emissions may be cut by up to 50 percent.



Hydrogen Trucks:

We also are purchasing 26 Hydrogen powered Transport Tractors for service in Orlando, FL and Wytheville, VA. Small amounts of hydrogen are injected into the engine air of each truck as a combustion stimulant. This dramatically reduces nitrogen oxides and hydrocarbon emissions, resulting in greater power and improved fuel economy. This will enable a 15 percent increase in fuel economy at PBG and exceed vehicle emission standards by 11 percent.

Natural Gas:

In addition, we are testing Natural Gas alternatives – with two Liquid Natural Gas Bulk Tractors in Buena Park, CA, and conversions to Compressed Natural Gas on two other route vehicles in Salt Lake City, UT.

Shelby Green, Director of Fleet Operations in Somers, had this to say: “Our strategy is to gain exposure to different alternative fuel technologies for our different vehicle applications. While no one solution will provide the answer for all our vehicle needs, we want to make decisions in each case that will deliver both environmental benefits and shareholder value.”

Bottle Self-Manufacturing Comes to PBG

By John Thibodeau, Vice President, Worldwide Engineering, Somers

PBG is driving a number of projects to reduce our packaging costs, including lightweighting our bottles and removing packaging materials. The most ambitious initiative is self-manufacturing and labeling our plastic bottles. By making our bottles “in house,” we eliminate many of the supply chain costs associated with production. Take the following example: when we order full-size empty bottles to be delivered to our plants for filling, our suppliers can only fit 85,000 empties on each delivery truck; but when we order preforms (small test-tube like plastic pieces), they can deliver 800,000 on each truck. This represents a 10-fold increase in payload – saving PBG more than one million transport miles annually for every six lines we convert. Not only does this generate cost savings for the company; it also conserves fuel for the environment.

Here's how self-manufacturing works:

- We take the preforms we receive and heat them at over 200 degrees Fahrenheit.
- We then inject over 600 PSI of air pressure into the heated preforms to stretch and shape them into bottles.
- Then we apply labels to each bottle.

Believe it or not, this entire operation takes place at a rate of more than 600 bottles per minute! Of course this initiative adds complexity to our plants, but our plant teams have risen to the challenge.

Self-manufacturing is a multi-year program, with PBG locations chosen according to when their bottle supplier contracts expire. So far, there are six plants in operation: Jacksonville, FL; New River Valley, VA; Newport News, VA; Johnstown, PA; Laurel, PA; and Mississauga, Ontario. Three additional plants are schedule to begin production this year: Phoenix, AZ; Fresno, CA; and Hayward, CA.



PBG Partners With PepsiCo to Bring the First Climate Friendly Vending Machines to the U.S.

PBG's Chesapeake Market Unit has partnered with PepsiCo to place 28 climate-friendly glass front vending machines in high visibility traffic areas in metro

Washington, D.C., including the Pentagon, FBI Headquarters, the US House of Representatives and Senate, and NBC News. Featuring brand Pepsi's "refresh" graphics and a unique "Cooled by Greener Co2" placard, these new "green" machines require



less energy and generate 12 percent fewer greenhouse gas (GHG) emissions than our current units. This pilot program also marks the first time that any beverage company has introduced CO2-cooled vending machines in the U.S.

It is part of Pepsi's broader commitment to reduce the environmental footprint left by our cold drink marketing equipment. The three target areas for improvement are: Energy, Insulating Foam and Refrigerants.

Thrilling Filling: PBG Spain Launches Integrated Dry Aseptic System



PBG's new dry-filling technology in Tafalla, Spain has optimized Spain's ability to produce unique and customized PET bottles for its broad product portfolio, which includes Gatorade, Tropicana and Kasfruit juices, Lipton Ice Tea and Radical Fruit Beverages. What's best

about the system is its emphasis on *freshness* and *quality*.

So far, the revamped and expanded Tafalla site is supporting nine different bottles (from 0.33 to 1 liter), with future plans for 1.5 and 2 liter bottles; two different caps (standard and sport); and products ranging from clear tea to 100 percent orange juice.

The goal of an integrated dry aseptic PET system is to maximize the "hygienic filling" of "micro-biologically sensitive beverages."

Not only does this save water; it gives our products a longer shelf life.

These PET bottles look great too, and stand out for being transparent, light and unbreakable.



Did You Know?

- On average, Pepsi's 2008 model vending machines – all of which meet EPA Energy Star requirements – use 51 percent less energy than our 2003 models.
- Pepsi's 2008 coolers consume 44 percent less energy than their 2004 counterparts.
- Pepsi was the first in the industry to mandate that the foam used to insulate vending machines and coolers be free of HFCs.

As a result of these improvements, Pepsi has cut greenhouse gas emissions from cold drink equipment by 598,000 metric tons, with an average of 282,000 metric tons saved per year. This is the equivalent of removing 52,000 cars from the road in a year or planting 125,000 trees annually.

Process Control

Spain's new filling system uses a state-of-the-art process control system that makes it quicker and easier for operators to choose which type of beverage to run.



IT CAN BE DONE! Keeping the Calgary Sky Blue!

In only three months, the Calgary, Canada location has reduced fuel usage by 8,950 gallons. This equals 196,856 pounds of CO2 emissions!

Here's how:

- Reducing idling when stopping at accounts
- Driving at or below the posted speed limits
- Ensuring the fleet is properly tuned
- Keeping the heaters working effectively
- Plugging vehicles in at night (versus running).



Congratulation to Fleet Manager **Guy Keats** and Neil **Koenig** for spearheading this outstanding initiative!

Reverse Osmosis Generates Clean Win for PBG Mississauga

General Electric Water & Process Technologies (GE) has awarded PBG Mississauga its 2008 ROE ("Return on Environment") Leadership Award. According to the award, "PBG is in the top one percent of GE customers being honored for striking a positive balance between today's environmental, industrial and sustainability challenges."

To qualify, PBG Mississauga and GE analyzed the plant's chlorine consumption in its Reverse Osmosis water treatment system, which produces Aquafina. Together, they reduced Mississauga's:

- Chlorine consumption by 3,000 liters per year – with an annual savings of \$2,000.
- Water consumption by 870,000 liters per year – saving an additional \$1,400.

Thanks to this chlorine reduction, the life of PBG's Reverse Osmosis membranes will also be extended (membranes are not chlorine tolerant) – yielding further savings of \$136,000.

GE awards the PBG Mississauga Operations Team. From Left to Right: Vesna Savkovic (GE), Rick Toste (GE), Masood Hassan, Clarence D'Cruz, Zeyad Elghossain, Amir Sepehrdad (GE), Dave Taylor (GE), Tim Thom.



Thinking Green in Quebec

by Joy-Anne Billard, Quebec

PBG Quebec's 13 dedicated drivers are proud to sell *and* recycle soda. Last year, they recycled 290 million units of empty containers – the equivalent of 13.5 million pounds of aluminum and plastic!

Unlike other Canadian provinces, Quebec charges a deposit on plastic bottles and cans, and bottlers have to oversee the returns system. Our drivers deliver the plastic and aluminum they collect to a recycling company – with the net revenue from breaking it down and selling it going to PBG.



Here are some of the proud Montreal drivers and their latest haul of plastic. From left to right: Delivery Supervisor Denis Miron, and Recycling Drivers Carol Pigeon, André Desjardins, Marc Beauvais, Gilles Desjardins, Carl Tremblay and (on the truck) Maurice Provost. Missing from the picture are drivers Normand Delafontaine, Jocelyn Cyr and Pierre Wilsey.

Aquafina Introduces Eco-Fina Bottle and Community Action Program

This spring, Aquafina launched the Eco-Fina Bottle, the lightest half-liter bottle of any nationally distributed bottled water brand in the market:



- At 10.9 grams, the new bottle is made with 50 percent less plastic than the half-liter Aquafina bottles produced in 2002.
- This will eliminate an estimated 75 million pounds of plastic annually.
- Additional environmental benefits will flow from producing the Eco-Fina Bottle at Aquafina purification centers where filling occurs.
- We're also eliminating the cardboard base pads from Eco-Fina Bottle 24-packs – which will save 20 million pounds of corrugate by 2010.

At the same time, Aquafina is committed to supporting organizations large and small as they seek to reduce their impact on the environment. From shoreline clean-ups and habitat restorations to mass participation events like marathons and concerts, Aquafina's Community Action Program provides assistance to event organizers, including water to hydrate volunteers, and recycling resources. PBG has been proud to join more than 20 of these events across the U.S. For those markets preparing for upcoming events, please visit www.kab.org to locate your nearest **Keep America Beautiful** affiliate office.

Upcoming PBG Events	Location	Dates
Revlon RunWalk - LA	Los Angeles, CA	May 9
Valero Texas Open Golf Tournament	San Antonio, TX	May 11-16
Bolder Boulder 10k	Boulder, CO	May 25
Philadelphia Cares Fairmount Park Day	Philadelphia, PA	May 16

"I want us all to take a moment to celebrate the unsung heroes of PBG, our Administrative Professionals, who direct and produce the show from behind the scenes to ensure that we have the resources and preparation we need to achieve peak performance. We are all on one team at PBG, and without the dedication, capabilities and support of these individuals, we wouldn't be as strong, confident and nimble as we are today."

– Eric Foss, April 21, 2009

A Day in My Life:

Where PBG Employees Offer an Inside Look At Who They Are and What They Do



"Laura is a very trustworthy, dedicated administrative professional and a critical member of my IT staff," says Neal Bronzo (pictured with Laura). "She thinks ahead for me, she positions me for success, and she is extremely reliable. Her key contribution, however, is that she is the eyes and ears – if not the heart – of the department. We have a large team, and Laura lets me quietly know offline what is and is not working. I respect her opinion and value her input. I consider her a key asset in maintaining a pulse of the organization."

Laura DiMase

Executive Assistant / Somers, NY / 33 years

For Executive Assistants in Somers, the day begins with our number one priority: tracking the calendar line-up. As you can imagine, working for Senior Vice President of IT and Chief Information Officer Neal Bronzo requires coordinating an array of meetings with other senior executives, staff members and vendors. Because they are often changed, cancelled or moved around, I must stay extremely organized and flexible to accommodate the shifting landscape of Neal's day. I enjoy the day-to-day interaction with our different departments and the fact that IT touches on every aspect of the company. IT is definitely the grease that makes the wheel turn, and working for Neal has been the highlight of my 33 year career at Pepsi.

I also am involved in a number of employee resource groups at Headquarters. In 2007, I joined with five other Admins from PBG and Global Procurement to launch our Administrative Professionals Network (APN). Today, the APN includes more than 85 Admins, and we just planned our annual Administrative Professionals Day celebration on April 22. Our long-term goal is to expand the APN to the field.

One of the favorite parts of my job is administering IT's S.O.D.A. (Someone Outstanding Deserves Appreciation) program, which hands out close to 500 awards in our department each year. I also am very active in the HQ Volunteer Action Committee, Bring Your Child To Work Day events, the United Way campaign, Spring Basket Collection (for sick children), and teambuilding events for IT and HQ staff. A few years ago, I also helped bring the Pajama Program to Somers, and we were able to collect more than 100 pairs of pajamas for children in shelters. I am constantly challenging myself to come up with new and creative ideas for events, and I take great pride in delivering PBG the best bang for our buck! At the same time, I enjoy being part of the Admin staff that supports PBG's annual AOP meetings – giving me the opportunity to meet employees from around the country.

As you can see, I take a lot of pride in my department and in PBG. It is a pleasure to be able to come to work in such a beautiful location as Somers, and I feel extremely blessed to have been part of the Pepsi family for all these years!



"Cindy and I make a great team," Margaret Gramann told *Thirst!* "She supports the entire Business Unit, and is often called upon by HQ to help coordinate and support national meetings/initiatives. Most of all, I appreciate Cindy's balanced disposition, as she remains calm in the midst of any challenge. She is resilient, solutions oriented, and a great example of why our company values the strong support personnel who play a key role in PBG's success."

Cindy Westover

Administrative Supervisor / Great West BU / 19 years

On April 30, I will celebrate my 19th year with the Pepsi family – 11 with Pepsi and eight with Frito-Lay. Over the years, I have seen many changes within the Great West BU. All have been good for me – professionally and personally – and have helped me grow! I have been lucky enough to work with great people, including Brent Franks (who hired me from Frito-Lay), Derek Lewis, Craig Reese and Bill Mikulka. It has been fun watching those I've supported move into bigger roles at the company.

I'm currently supporting Margaret Gramann, SVPGM for the Great West BU (pictured with me). I enjoy serving as Margaret's "right-hand person." I try to be proactive and anticipate what will be needed for each day, and I am so appreciative to Margaret for helping me take my skills to a new level through endlessly interesting challenges. For example, Margaret includes me in her staff meetings, which helps me understand and stay informed about our business. This makes me more valuable to the team and saves time having to explain things.

Within the last year, Margaret promoted me to Admin Supervisor. So far, I am enjoying this exciting addition to my role, guiding and assisting my team as they work through their own journeys here at PBG.

On a personal note, my husband and I will be celebrating our 30 year wedding anniversary in June. We have three boys we are very proud of – our oldest, Blake, 23, is currently working for PBG as a Fleet Mechanic at our Colorado Market Unit; Ryan, 20, is attending Colby Junior College playing baseball and working on his Business Degree; and Lance, 14, keeps busy with his studies and playing baseball and football. We spend most of our spare time attending games – and we love every minute of it!

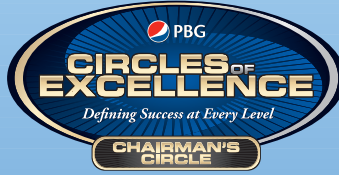
I am so proud to tell everyone I work for Pepsi! PBG is a great place to work!

2008 CHAIRMAN'S CIRCLE OF EXCELLENCE

Earlier this month, Eric Foss announced his selections for the 2008 Chairman's Circle of Excellence. One of the highest honors at PBG, the Chairman's Circle is designed to recognize our top executives worldwide, including general managers and functional leaders. The winners achieved success across a broad spectrum of metrics that tested for excellence in delivering results, sustainable contributions to the company and the impact of their leadership. They have inspired their teams, fellow leaders and the entire organization. Congratulations!

General Managers:

Sandy Austin-Feltner, VPGM, West Virginia/Eastern Kentucky
 Roger Briley, RSD, Alaska
 Pavlos Katsivelis, General Manager, Athens, Greece
 Linda Kuga Pikulin, President, PBG Canada
 Kurtis McCartney, VPGM, Canada West
 Chris McCool, Area VPGM, Texas
 Rafael Miyar, RVP, North/Pacific Mexico



Functional Leaders:

Guillermo Camargo, VP, Legal, Mexico
 Jeffrey Cook, VP & CFO, Canada
 Jim Farrell, VP Transport, HQ
 Michael Hartman, VP, NonCarb Beverages, HQ
 Rich Maddi, Senior Director of Finance, HQ
 Victor Shevtsov, VP Operations, Russia
 Andy Siklos, VP, Retail Sales, Canada
 Joe Simms, VP HR, Atlantic Business Unit
 Trevor Toolson, VP Warehouse, US and Canada

The 2008 Chairman's Circle event will be held in New York City in June 2009, where our 16 winners and their families will have an opportunity to meet with PBG's senior leadership team in a private setting.



The Best of PBG competition is a long-standing PBG tradition – aimed at recognizing the performance of leaders and their employees in our top-performing Market Units against the key categories of our business plan. Each winner receives a plaque, while the top winner in each group receives the traveling trophy. The first place Market Units in both North America groupings and in Europe also receive funding for an employee celebration. Congratulations!

North America:

Group A

1. Prairies, Canada
2. Oklahoma, Great West

Group B

1. Alaska, West
2. Hawaii, West

Europe:

1. Volga, Russia
2. Large Format, Turkey

Mexico:

1. Southeast



2009 PepsiCo's Ring of Honor Winners

PBG is once again participating in PepsiCo's annual Ring of Honor event, which recognizes the top performing sales associates within PepsiCo and across its bottling partners. The event will be held in early June at PepsiCo's Worldwide Headquarters in NY.

This year, 21 winners from PBG will be honored for their significant achievements in selling capability, outstanding customer service and/or leadership. Congratulations!

Name	Title	Location	MU	BU
Steve Anderson	Pre-Sell Customer Rep	Dartmouth, NS	Atlantic	Canada
Luis Ayala	TSM AOM	Fort Worth, TX	Texas	Great West
Chris Barrington	TSM Bulk	Danville, VA	Virginia	Atlantic
Rick Cooper	RSD	Spokane, WA	Northwest	West
Arnie Flores	Merchandising Mgr	San Antonio, TX	Texas	Great West
Jose Flores	Cedis Manager	Cedi Mixcoac	Metropolitan	Mexico
Richard Ford	CSM	Jacksonville, FL	Florida	Southeast
Jimmy Gallardo	BCR	Alamogordo, NM	Southwest	Great West
Melissa Gavin	TSM SF	Calgary, AB	Canada West	Canada
Franklin Gracey	Pre-Sell Customer Rep	Altoona, PA	Western PA	Central
Ben Gramke	Sales Operations Mgr	Honolulu, HI	Hawaii	West
Calvin Gustafson	Pre-Sell Customer Rep	Presque Isle, ME	New England	Atlantic
Hakan Kanber	Key Account Manager	Istanbul	BU Office	Turkey
Ramesh Kataria	Pre-Sell Customer Rep	Laguna	North	Mexico
Ricardo Lazo, Jr.	Pre-Sell Customer Rep	Stockton, CA	Central Valley	West
Ronnie Rivero	Head of Cedis	Cedi Valladolid	Southeast	Mexico
Mark Smith	Pre-Sell Customer Rep	Columbia, SC	Carolinas	Southeast
Konstantinos Tsipas	Sr TDM	Athens	Greece	Greece
Andrei Vashkinsky	Area Sales Manager	Volgograd	South	Russia
David Villar	Regional KAM	Madrid	BU Office	Spain
Canute Williams	BCR	Stratford, CT	New England	Atlantic

The Real American Idol: Pepsi Drives Promos with Hit TV Shows

Tell Your Family and Friends to Tune in for Prizes!



Mountain Dew has teamed up with Fox and the hit TV show "24" to give consumers the chance to win a trip to Washington, DC to meet a former Undercover Agent. "24" is about to start its 7th season and its star, Kiefer Sutherland, has won a Golden Globe and says he is signed on for an 8th season.

A custom spot and Point of Sale (POS) materials were produced to drive consumers in-store and online to participate in the giveaway, which runs from April 20 to May 19.

Participating PBG markets and retailers include: Atlanta (Rite Aid), Boston (Tedeschi Food Shops/Store 24), Dallas (Albertsons), Detroit (7-Eleven), Houston (Foodtown), Los Angeles (Chevron), Minneapolis (Holiday Station Stores), Orlando (Sweetbay), Pittsburgh (Sheetz) and Tampa (Sweetbay).

Pepsi also partnered with ABC to give consumers in 11 PBG markets the opportunity to "Dance Like a Star." One lucky winner will fly to Los Angeles for the "Dancing with the Stars" season finale and receive a private dance lesson from one of the show's dancers. In addition, one winner in each market will receive a season finale viewing party, complete with a HDTV and dance lessons at a local studio.

A custom TV spot was created to drive viewers to local retailers for the entry code word. While in-store, consumers were engaged with the POP elements featuring both Pepsi and Dancing with the Stars. Entrants also were driven to local ABC station websites to enter the code for their chance to win.

The program had a soft launch online and in-store on March 9, followed with on-air support from March 16 to April 5.

Participating PBG markets and retailers included: Boston (Roche Bros/Sudbury Farms), Denver (King Soopers/City Market), Flint (VG's Grocery), Fresno (Vons), Houston (Kroger), Los Angeles (Vons), Minneapolis/St Paul (Cub), Philadelphia (Acme), Phoenix (Albertsons), Pittsburgh (Shop n Save) and San Francisco (PW Market).

Stay tuned in upcoming editions of Thirst! for exciting details on promotions with the hit TV comedies "Saturday Night Live" and "30 Rock!"



POWER

PRESENCE OF WOMEN EXECUTIVES REFINED

PBG



Toronto, Canada
March 17 - 19, 2009



In March 2009, PBG launched a new development program, Presence of Women Executives Refined (P.O.W.E.R.). The program was co-hosted in Toronto by Margaret Gramann, SVPGM, Great West and Linda Kuga Pikulin, President, PBG Canada. Attending the session were 13 talented female leaders in our sales and sales operations organizations across PBG North America. This inaugural program provided these leaders with focused skill building designed to accelerate their development in the areas of high impact leadership and effective communications.

With access to a number of senior executive leaders, the program offered them an opportunity to expand their network and share perspectives on building a successful career. P.O.W.E.R. stands as a testament to PBG's commitment to accelerating development of our diverse talent.



Quick Sips



Tri-State Market Unit Honored by NAACP: On February 28, the NAACP of Metuchen-Edison in New Jersey presented the Tri-State Market Unit with an award to commemorate PBG's outstanding support and contribution to the programs supported by this local branch of the NAACP during their centennial celebration. Across their many years of involvement, PBG New Jersey has supported the Annual African-American Cultural Festival, Health Fair and ACT-SO (Academic, Cultural, Technological and Scientific Olympics), provided scholarships and shared employment listings with the branch.

PBG Named to Top Employer Lists for Asian Pacific Americans and Latinos:



The Diversity team is delighted to announce PBG's placement on several important employer lists. In April, *Asian Enterprise Magazine* named PBG one of **2009's Best Companies for Asian Pacific Americans**. PBG was chosen because of our continued commitment to small businesses, along with our contribution to the Asian Pacific American community. Also this month PBG ranked fourth on *DiversityInc's* list of the **Top 10 Companies for Latinos**. This selection was based on a number of factors, including the representation of Latinos on our Board of Directors and in our management ranks; our long-term commitment to hiring, retaining, compensating and promoting Latinos; and our dedication to building strong community relationships. Last month, PBG also ranked #18 on *DiversityInc's* "50 Best Places to Work" list; and earlier this year, the *Black Collegian* included PBG among its **Top 100 Employers of the Class of 2009**.

PBG Celebrates Asian Pacific American Heritage Month:



May, PBG is proud to celebrate Asian Pacific American Heritage Month, during which we recognize the contributions Asian Pacific Americans make to our company, communities, country and world. To test your knowledge (and be entered into a raffle for a \$25 gift card), go to <http://www.pbg.com/diversity/apahmquiz.html> and take a brief trivia quiz. Look for posters marking this celebration in your location!

PBG Receives Accolades for Wireless AMBER Alert Partnership:



Beverage World Magazine has honored PBG with its annual **Beacon Award**, given to companies demonstrating outstanding community commitment. The award recognizes PBG's partnership with the Wireless AMBER Alert Program. Eric Gage, the IT employee who first conceived of the partnership, accepted the award on PBG's behalf at the magazine's BevOps Awards dinner in Tampa on April 21.

The AMBER Alert partnership was also called out in the Spring issue of the *Stanford Social Innovation Review*, a publication of the Stanford Graduate School of Business. It highlights PBG's employee-driven approach to community giving and our ingenuity in dedicating our people and equipment to making a "big difference."

"Georgia Loves Dew"



In the great state of Georgia, one might assume that "Coke Is It!" But the facts tell a different story. For the past couple of years, the best kept secret in Georgia has been 20oz Mountain Dew. Now the secret is out – with our Vice President/General Manager **Skip Vaughan** and team unveiling their new market-wide campaign, "Georgia Loves Dew!"

Based on last year's data, Georgia consumers, when given a choice, prefer to buy 20oz Dew more often than any other single-serve soft drink, ready-to-drink tea, juice, energy drink, ready-to-drink coffee, etc! With this #1 brand in hand, the Georgia MU Sales & Operations teams launched our Dew campaign on March 17 (going green for St. Patrick's Day) to let our retail customers, consumers and frontline employees know "Georgia Loves Dew!"



by Matt Hirsheimer

Community|News



Phoenix, AZ: 22 Phoenix employees partnered with Habitat for Humanity on March 28. The cumulative amount of time donated exceeded 150 hours, which was spent framing, roofing, installing windows, and doing general clean up of a two story house in South Phoenix.

Riverside, CA: On February 19, PBG Riverside held its official Go Red for Women fundraiser. Employees purchased red or gold hearts, wore red to work, and learned how to work together to wipe out heart disease. A total of \$173 was raised for the American Heart Association, and was doubled to \$346 through the PBG Foundation's WINs matching grants.

San Diego, CA: PBG San Diego held its first blood drive for 2009 with 47 employees participating and 40 units collected. The San Diego Blood Bank remarked that "... the employees are very friendly, and there are a lot of healthy, strong guys."

Winter Haven, FL: On February 28, the Big Bass Bash was held in Winter Haven's Chain of Lakes and Lake Shipp Park to benefit Winter Haven Hospital and Regency Hospital. PBG volunteers sold Pepsi and Frito Lay products to hundreds of sunburned fishermen and raised \$22,000.

Wichita, KS: Two teams from the Wichita facility partnered with community organizations on March 7. One group volunteered to "Give Kids a Smile" by helping parents and children navigate through the process at a free dental care program. The Sunflower Community Action Group was supported by the second team, which distributed drinks (donated by the Wichita facility) to thirsty community members.

Landover, MD: The Landover MEM team answered the call when the USO asked for help in fitting a new Mobile Canteen Vehicle with Pepsi fountain equipment. The vehicle supports U.S. troops by being available at deployments, homecomings, field trainings and military community events. It debuted at a 10K event at the U.S. Marine Corp base at Quantico, VA.

Detroit, MI: Last fall, the Marketing team ran the "Coolest Kid in the School" program at Spartan Metro stores. Last month, the grand prize winner, Kedarius Flowers, received a visit at school from Detroit Lions QB Duante Culpepper. Duante read to a packed gym of elementary students, answered questions and ended the day with a limo ride for Kedarius. Watch news coverage of the visit from the local FOX affiliate at the following link: http://www.myfoxdetroit.com/dpp/sports/nfl/lions/Lions_Culpepper_Visits_School.

Cranston, RI: On April 4, 27 Cranston Manufacturing and Sales employees participated in the 25th Annual Achieve-A-Bowl for the Junior Achievement of Rhode Island, raising \$1,100 for the organization. The Cranston location has partnered with Junior Achievement since 1999 and Eric Farias, Cranston Unit Sales Manager, currently sits on the board.

Columbia, SC: PBG Columbia and Greenville employees partnered with BI-LO to raise funds to support the Susan G. Komen for the Cure and the American Diabetes Association. The partnership successfully raised \$19,000 that was equally divided between the two groups.

Eau Claire, WI: PBG employees prepared and served a spaghetti dinner to approximately 150 guests at the Community Table in Eau Claire as a way to give back to those who are facing tough economic times. The Community Table was founded in 1993 and is a collaborative effort of local churches, the area food bank and concerned individuals and representatives of civic and social groups. It serves hot meals 365 days a year.

*If you've got a great community story to share or want to learn more about
The PBG Foundation, contact Catherine Patterson
at 914-767-7897 or at catherine.patterson@pepsi.com.*

THIRST!

PBG Scores: Business Wins from around the Company

by Mike Spanos, Vice President, U.S. & Canada Sales;
and Kent Montgomery, Vice President, FoodService

Henry Ford Health System: The Central BU



Michigan Market Unit has nailed down a five year exclusive beverage partnership with

Henry Ford Health System! HFHS is Michigan's sixth largest employer, with six hospitals, 2,285 beds and over 19,000 employees. The new partnership will generate 85,000 cases/gallons annually. The CBU's focus on hospitals in Michigan has grown this segment over 18 percent this year!



Canobie Lake Park: Thanks to the hard work of Ron Hewson and his team, as well as Amelia

Carney, Earl Kelley, Gail Lambert and Jim Conlin, the New England Market Unit will now be tapping into this 100 year summer tradition. At the beginning of April, PBG signed this long-time Coke account to a six year term worth 72,000 gallons and 90,000 bottles and cans.

first focus Period 6:

Kick-Off "The Summer of Value"

Memorial Day's kick-off to summer makes Period 6 especially important for PBG. This year, we are focused on providing our Large and Small Format customers with value offers and pricing that will attract cost-conscious consumers.

Did you know? National Brand CSD promotions grow revenue six times faster than Private Label promotions. These offers are crucial to PBG's success in the trade this summer, so be sure to stock plenty of product on your Lobby and Perimeter Displays in Large Format, and in the Cold Vault and Register Barrels in Small Format.

Also, for a P.E.P.S.I. Role Play to help sell in your summer displays, check out our P6 First Focus package or the First Focus Web Site at: <http://web.pbg.pvt/FirstFocus/index.shtml>.

Good Luck and Great Selling!



Visit PBG's 2008 Annual Report online at:
www.pbg.com

We are P-B-G! Help Wanted

Submissions needed
 for the following issues:

May 2009 Customer Appreciation

To help honor and celebrate this year's Customer Appreciation Week at PBG, we will devote the May 2009 issue of *Thirst!* to the theme of Customer Appreciation. Ideal stories/photos would include recent business wins; insights on how we are advancing our service agenda to retain and elevate our customers; and outstanding customer friendships.

Deadline:
 Friday, May 15, 2009

Submit your ideas to:
kevin.burke@pepsi.com

Check Your PBG Email from Any Computer in the World!

Any employee with a "pepsi.com" email address can log into their email account at any time from any computer in the world.

Here's how:

1. Open up your web browser and enter the following address:
<https://webmail.pepsico.com>.
2. Click on "The Pepsi Bottling Group" icon.
3. Follow the login instructions, including entering your "User Id" and "Password," which are the same as those you enter from work. (Note: you can leave the domain field blank.)
4. Click "Log on" and you're ready to go!

*Note: You may wish to "Bookmark" or "Add this link as a Favorite" in your browser at home so you can check your PBG mail anytime.

t h e m a g a z i n e

THIRST!

Celebrating PBG People's Unquenchable Spirit

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 a pepsi.com email address to sign up!

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